



HEALTH CARE FOR ALL

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May 24, 2019

Lois Johnson
General Counsel
Health Policy Commission
50 Milk Street, 8th Floor
Boston, MA 02109

Re: Coupons, discounts, and other product vouchers for prescription drugs

Dear General Counsel Johnson:

On behalf of Health Care For All, thank you for the opportunity to submit comments regarding the use of coupons, discounts, and other product vouchers for prescription drugs. Health Care For All (HCFA) advocates for health justice in Massachusetts by working to promote health equity and ensure coverage and access for all.

As a consumer health advocacy organization, we have a very strong interest in ensuring that prescription drugs are affordable and accessible for all residents of Massachusetts who need them. In fact, affordable prescription drugs is one of our main legislative priorities this session and we are advocating for comprehensive legislation that addresses both prescription costs throughout the system and direct affordability for consumers. We also understand that some patients and consumers truly rely on coupons to be able to afford the medications that they need, and we don't believe that such access should be disrupted.

However, we do continue to have concerns that drug coupons and rebates can increase the cost of health care overall and should not be viewed as the solution to high and rising drug costs. Prescription drug manufacturers offer coupons and rebates to consumers to reduce or eliminate the out-of-pocket costs of certain prescription medications. When a commercially insured patient uses a coupon to fill a prescription, the copay is reduced and the manufacturer pays the balance of the copay. The patient's insurer then pays the remaining cost of the prescription.

Through coupons, drug companies can incentivize the purchase of more expensive brand drugs, even though a less expensive and equally effective alternative may be available. While coupons have only been allowed in Massachusetts for drugs with no exact generic equivalent, coupons can still be used for high cost drugs that have therapeutic equivalents or substitutes.


Drug coupon programs can be designed to build loyalty to a particular brand name drug. Often coupons expire or are offered for only a limited number of refills, however, leaving the consumer to repurchase the more expensive drug at the full cost share. While some consumers temporarily pay lower co-pays, we are concerned that long-term costs will increase for *all* consumers as public and private health plans pay the increased costs for more expensive brand-name drugs.

A 2017 study from the *American Economic Journal: Economic Policy* examined 85 brand-name drugs that faced generic competition from 2007 to 2013, of which 23 had applicable drug coupons. The study concluded that drug coupons reduced the use of the cheaper generics and resulted in an increase in prices for the more expensive brand-name drugs. It also found that coupons increased retail spending by 1.2% to 4.6% or about \$30M to \$120M.

When Massachusetts lifted the ban on coupons in 2012, the legislature wisely put into place a study that would examine the impact of allowing coupons on pharmaceutical spending and overall health care costs in the state. While the study had been delayed a number of years because it was under the purview of the now-defunct Division of Health Care Finance and Policy, we are pleased that the Health Policy Commission is now undergoing this analysis, which we believe is critical to understanding how coupons work in the Commonwealth and will inform the legislature's decision to continue coupons to be allowed or return to restricting their use.

While the high cost of prescription drugs continues to be a problem for both consumers and payers, undermining cost-effective prescribing through drug coupons is not the solution. Instead, we believe that both drug manufacturers and policymakers should look for ways to protect consumers while also looking for long-term, sustainable solutions to the issue of unaffordable prescription drug costs. Thank you for your time and consideration on the critical issue of high and increasing prescription drug costs. Please don't hesitate to contact us if you have any questions or need additional information.

Sincerely,

A handwritten signature in black ink, reading "Alyssa Vangeli". The signature is fluid and cursive, with the first name and last name clearly distinguishable.

Alyssa Vangeli, Esq., MPH
Co-Director, Policy and Government Relations
Health Care For All